Rental Housing Development Process

Project Concept

Market/Need

The Spark
We realize that housing costs are outstripping wages

We think we need affordable rental housing

Who will be served?

How many units are needed?

How will we get community input?

Site/Design/Buildings

What is an appropriate location and size of site?

What are the local government land use issues?

What style and number of units will fit?

No Go

Go

Modify

Identify site(s)

Financial

What monthly housing cost is needed?

Federal Requirements

Will relocation be needed?

What are the environmental issues?

Development Team

What is our capacity to carry out the project?

Who else might we need on our development team?

Feasibility Analysis

Market/Need

Market/Need Investigations

Investigate available data

What is the unmet need?

Site/Design/Buildings

Analyze site conditions

Zoning, transportation, nearby services, soils, hazards, design of buildings, title issues, value of the site, environmental issues

No Go

Go

Modify

Select Site

Financial

Draft preliminary development and operating budgets

What funding will you use, what underwriting guidelines?

Is it HOME eligible and who will be the HOME applicant?

Federal Requirements

If relocation applies, gather information on tenants

What level of NEPA review is needed?

Procurement of consultants

Conflict of interest

Development Team

Add to development team?

Realtor or broker

Architect

Financial consultant

HCD, local government

Feasibility Analysis

Market/Need

Pay for a site- and project-specific market study

Evaluate conclusions of market study

Site/Design/Buildings

Site due diligence

Pay architect & engineer for initial renderings and site plans

Begin negotiations for site

No Go

Go

Modify

Financial

Refine budgets, analyze feasibility

Identify funding to fill gaps

Run longer term, more detailed projections

Federal Requirements

Relocation responsibility begins at negotiations

NEPA/HUD statutory checklist. Watch out for choice limiting actions

Development Team

Add to development team?

Market Study consultant

Engineer

Attorney

Planning and Financing

Market/Need

Design affirmative marketing strategy

Site/Design/Buildings

Secure site

Seek needed government approvals and entitlements

Pay for soils report, Environmental Phase 1 report

Financial

Financial
Apply for funding - debt, equity, grants

Revise budgets and feasibility tests as funding is secured

Plan for subsidy-specific requirements

Federal Requirements

Issue Notices to tenants, provide advisory services

NEPA FONSI or FOSI

Provide civil rights requirements to architect and engineer

Design marketing strategy to comply with civil rights

Development Team

Add to development team?

Soils/Phase 1 engineer(s)

Loan officers and funders

Relocation consultant

Title Company

Rental Housing Development Process

Pre-Construction

Construction

Operations

Market/Need

Management agent review of architectural plans

Management agent review of marketing plan

Develop lease and rental policies

Begin marketing

Screen applicants, document eligibility

Arrange publicity for opening

Lease units

Document eligibility

Continual marketing to keep units leased

Site/Design/Buildings

Pay for working drawings and specifications

Prepare bid packets

Survey

Go to bid and select construction contractor.

Ensure payment and performance bonds secured

Apply for building permits.

Buy site

Issue Notice to Proceed to contractor

Monitor and Inspect Construction

Hold monthly meetings with team members

Completion of Construction

Final inspections

Certificate of Occupancy

Funder inspections

Property management & maintenance

The Finished Product

Provide quality housing to happy tenants

Financial

Pay for appraisal

Negotiate final financing structure

Review and negotiate funding documents

Close all financing to be used during construction

Set up monthly draws and payment systems

Coordinate monthly draws, pay bills

Secure lien releases

Update financial projections

Finalize rents

Finalize operating projections

Transition to asset management

Cost certification

Collect rents

Pay expenses, debt, reserves

Reports to funders

Federal Requirements

Keep tenants informed

Ensure building plans meet civil rights, accessibility laws

Include all labor and hiring standards in bid packet

Keep tenants informed
Check for debarred contractor and subcontractors

Set up system for wage documentation

Payments to displaced persons

Payments to displaced persons

Track HOME match

Monitor compliance with accessibility laws

Document affirmative marketing

Payments to displaced persons

Finalize HOME match

Document affirmative marketing

Ongoing income monitoring

Ongoing property standards monitoring

Ongoing financial monitoring

Development Team

Add to development team?

Management agent

Surveyor

Lender and funder attorneys

Wage monitor

Add to development team?

Construction Contractor

Add to development team?

Cost certification accountant

Modify

Modify

No Go

Go

No Go

Go